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FIRST COUNTRY COOPERATION FRAMEWORK FOR VANUATU (1997-2001)

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INTRODUCTION

1. Formal country consultations between the Government of Vanuatu and UNDP were concluded on January 30, 1997. This marked the culmination of a process that began with government publication of a Sustainable Human Development Situation Analysis (SHDSA), which provided general directions and strategies to achieve sustainable human development. Briefings on the SHDSA for government departments and agencies were followed in December 1996 by a national SHD Strategy Formulation Action Planning Workshop that assembled government and civil society representatives to consider the recommendations of the SHDSA. A UNDP advisory note based on the SHDSA was prepared in consultation with the Government, non-governmental organizations (NGOs) and bilateral donors.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

The development context

2. Vanuatu consists of over 80 small islands covering a land area of only 12,189 square kilometres, but with a 680,000 square kilometre sea area of Exclusive Economic Zone (EEZ). With the exception of a few islands, the country is sparsely inhabited; the total population of some 151,000 (1994) has been growing at 2.8 per cent over the past 10 years, and average population density is less than 13 people per square kilometre. While most of the people of Vanuatu live in rural villages as subsistence farmers, about 23 per cent of the population is divided between the two main urban areas: Port Vila, with 26,000 inhabitants, and Luganville, a town of almost 9,000.

3. According to the Pacific Human Development Report (1994), Vanuatu's human development index (HDI) value of 0.562 ranks it in the lower medium human development group. With a per capita gross domestic product (GDP) estimated at $1,020 in 1994, Vanuatu is categorized by the United Nations as a least developed country (LDC). The economy of Vanuatu is dualistic: two thirds of GDP comes from the services sector, and 80 per cent of the population is supported by agriculture. Most incomes are related to production of copra and cocoa, which have consistently faced low market prices; fishing still contributes significantly to the subsistence sector. Lack of transportation and communications among the islands hampers economic development, as well as the provision of adequate public services such as health care and education. Since 1993, however, the economy has been gathering some momentum, showing a 4 per cent growth rate after hitting zero growth in 1992.

Human development and economic indicators for Vanuatu

Social indicators		Economic indicators	
Population	151 000	GDP per capita	$1 020
Average density	12.3/sq km	Aid as percentage of GDP (1993)	21.2 per cent
Population growth rate	2.8 per cent	Real GDP growth (1993)	4 per cent
Infant mortality rate	58/1,000 live births	Percentage of workforce employed in formal sector*	14 per cent
Life expectancy at birth	62.8 years		
Adult literacy rate	64 per cent	Of these, per cent women	9 per cent
Mean years of school	4.0	Expenditure on health	2.4 per cent

Source: Asian Development Bank, April 1996. "Pacific Studies Series: Sociocultural Issues and Economic Development in the Pacific Islands", Manila, the Philippines.

* Excludes agriculture.

Sustainable human development

Poverty

4. The most evident poverty in Vanuatu is found in the squatter settlements that ring Port Vila. Otherwise, there is little evidence of the depth or extent of poverty that can be found in other developing countries. Although the rural population generally has little cash income, it survives in large part on subsistence agriculture or the shared resources of the kinship system. This traditional subsistence-based, family-oriented economy is progressively deteriorating as urbanization and population growth in excess of resources erode the social fabric and its traditional safety nets, and as money increasingly links the urban and rural economies. Many families, especially low-income urban families, face ever-mounting difficulties in fulfilling customary expectations. "Disadvantaged" in the Vanuatu context refers to a more general handicap than income, such as the lack of opportunity in rural areas to improve one's lifestyle, to have access to adequate social services, or to be able to choose to take up paid employment. Poverty eradication in the Vanuatu context refers primarily to the need to reduce the gap between urban and rural living standards, and between rich and poor urban residents.

Employment

5. Outside agriculture, about 14 per cent of Vanuatu's workforce is employed in the formal sector. Here the Government is the major employer, providing approximately 60 per cent of all paid employment. Other significant employers are the offshore finance services and the tourist industry. Opportunities for

paid employment are highly concentrated in the urban areas, namely in Port Vila, and are particularly scarce in the outer islands.

6. By contrast, agriculture and fishing sustain about 80 per cent of the rural population, most of whom are semi-subsistence small-holder producers of copra, cocoa, coffee, and kava. Although agriculture is the mainstay of the national economy, it has been on the decline in recent years, mainly due to unfavourable global market trends, labour shortages, the rise of small-holder and decline of plantation production, and the devastation of several cyclones. Other changes are the increasing monetization of the rural subsistence sector and the rapid growth of the informal sector. Very few families are exclusively subsistence producers, but equally few depend entirely on the cash economy. The semi-subsistence economy and the traditional community life it maintains provide essential economic and social support, cushioning the effects on families of underemployment and unemployment, low wages, and high inflation.

7. It is difficult to define unemployment in this predominantly subsistence society. The official unemployment rate is 0.5 per cent, but this figure greatly underestimates real unemployment. A 1995 survey of a Port Vila settlement showed that 55 per cent of the working age population was unemployed, including 71 per cent of women.

Women

8. Women have lower education levels than men and are under-represented in planning and decision-making. Few women are on government committees or occupy management posts. There have been few female candidates in any election, although six women ran in 1995 - four as candidates of the newly formed Women in Politics party. There have been two women members in Parliament to date. Even though the Constitution affirms equal status for men and women, in practice, women are not accorded equality with men and are always disadvantaged when common law is applied. Rural women are generally not consulted in community decisions and there are no female chiefs.

Environment

9. Changing lifestyles and consumption patterns, increased industrial development and the growing population of Vanuatu are having a deleterious effect on the environment. The main environmental concerns include deforestation; pollution of fresh water supplies and near-shore coastal waters; soil erosion and loss of soil fertility; over-taxed water, sewage and waste management facilities; and over-fishing of in-shore areas.

Governance

10. The Vanuatu population participate actively in their democracy, as is evident in high voting turn-outs: 81 per cent in 1987 and 71 per cent in 1991. Six provincial governments provide the link between the central government and the rural areas, supported by the National Council of Chiefs and Island Councils, which play an advisory role to local and national governments. The provincial government seats are also being promoted as regional growth centres to address the problem of uneven development in Vanuatu and to provide for the

needs of rural residents. Nevertheless, in many rural areas, chief and family systems are still the basic institutions of society and local government. Family chiefs are the family decision makers and speak for the family at community meetings and other fora. While family roles are assigned by custom (kastom), they are now being challenged by social and economic changes.

11. In a country where 99 per cent of land is held in customary and inalienable tenure, land tenure and access to land pose severe problems and cause frequent disputes among different communities. Customary landownership is often viewed as a significant impediment to economic development, especially in rural areas where the customary significance of land severely clashes with its modern uses. Access to land varies but, in general, clan membership defines right of use. Boundaries are not officially recorded and titles not registered, but clans know the boundaries of their land. Tracts of land lie idle while a large part of the population, for whom access to land would constitute an important means of livelihood, is without land. One outcome of growing urbanization and internal migration is that more and more families are becoming landless in their place of residence.

II. RESULTS AND LESSONS OF PAST COOPERATION

12. Vanuatu received almost $50 million in external assistance in 1995. This was an increase of $18 million, or 57 per cent, when compared to the average over 1992-1994. The real value of external assistance to Vanuatu increased to $275 per capita in 1995. This compares with an average of $193 per capita in 1992-1994. In 1995 the education sector received the largest share (34 per cent) of external assistance, followed by energy (15 per cent) and health (14 per cent). The majority of external assistance (86 per cent), was received as grants and the remaining 14 per cent was received as concessional loans.

13. The third country programme for Vanuatu, which covered the period 1993-1996, provided technical assistance in two areas: management development; and balanced and sustainable regional development. The indicative planning figure (IPF) for Vanuatu for the fifth cycle amounted to $1,606,000. Approximately $1.5 million worth of assistance has been available through the United Nations Capital Development Fund (UNCDF) and $78,000 from special programme resources (SPR). Projects during the third country programme included water and sanitation, energy planning, tourism development, economic management and public sector reform, strengthening of community groups in watershed management, the development of a national forestry policy and disaster relief. Vanuatu also participated actively in the subregional programme.

14. Lessons learned during this period include: (a) the desirability of pursuing a more focused programme in the coming cycle; (b) the need to better integrate the national and regional programmes; (c) the desirability of more fully exploiting UNDP's national execution modality; and (d) the need to ensure full and effective delivery of UNDP resources within the funding cycle to avoid a carry-over of the previous cycle's resources.

III. PROPOSED STRATEGY AND THEMATIC AREAS

15. The strategies required to build SHD in Vanuatu are explored in the SHDSA produced by the Government and the United Nations in 1996. These strategies focus on balancing population and economic growth rates; ways to make access to resources more equitable and social services more accessible in rural areas; and improved management for sustainable natural resources. There is a real need for policies to recognize and exploit the contribution made by traditional institutions to family, community and national development. Given the broad range of needs, the Government will selectively determine the most rational use of UNDP resources to support its SHD objectives.

16. The Government sees the greatest potential in deploying UNDP support where its unique characteristics as a multilateral grant donor for technical assistance are best utilized. The neutral nature of UNDP cooperation, the organization's access to global experience of development challenges and solutions, its ability to deploy quickly, its preference for working with local project management structures, and its aid management and coordination expertise and mandate, are comparative advantages of UNDP that can be better utilized than previously in Vanuatu.

17. In view of Vanuatu's key SHD challenges, the role of other donors, the policy priorities of the Government, and strategic considerations for the potential UNDP contribution, the Government in consultation with UNDP has decided that support from UNDP will focus on two programmes during the period covered by the first CCF, the first targeting vulnerable groups and the second strengthening public sector management.

A. Assisting disadvantaged groups

18. Two kinds of disadvantaged groups are highlighted in the Government's SHDSA. The first are those who have limited access to resources because of their gender, age or physical disability. A lack of social resources defines a second vulnerable group. It was found that while rural families and squatter families suffer the same lack of material resources, squatter families are more vulnerable because they have not developed the social institutions that enable them to work together as a community.

19. Support from UNDP will be directed towards the needs of women, youth, squatters and the disabled, in a two-pronged fashion: (a) assistance to improve the policy environment affecting disadvantaged groups, aiming to address some of the broader policy and legislative issues that lead to, or prevent escape from, disadvantage and vulnerability; and (b) small-scale interventions that have an immediate impact on the lives of target groups and demonstrate successes from among the global experience of the United Nations for replication by others.

20. UNDP support in the upstream policy area will include: improving the access of planners to data on vulnerable groups; strengthening the Government policy framework; building consensus among stakeholders on what needs to be done; and improving coordination among state and civil society actors in addressing the needs of these groups. Specific activities anticipated include:

support for the development of squatter policies; a national social summit to build consensus on follow-up to the SHDSA; support to the Women in Politics Programme; strengthening of vulnerable groups data (in particular the funding of a national household income and expenditure survey); support to the Ombudsman's Office to investigate discrimination against disabled children with respect to access to public schools; and raising public awareness regarding labour legislation.

21. Downstream projects will focus on the four priority target groups (women, youth, squatters and the disabled) and will include: strengthening of community structures in squatter settlements; continuation of the women's credit programme; assistance to the Disabled Persons' Association on client identification, awareness raising, networking and income generation; and small business training with youth groups.

22. UNDP support for the vulnerable groups programme will be supplemented by SPR assistance (i.e., the Poverty Strategy Initiative), the UNDP subregional programme (in particular, BELS, the Small Enterprise Development Programme and the Life-skills Programme), and cost-sharing funds.

B. Strengthening public sector management and local structures

23. The Vanuatu SHDSA report pointed to a distortion in resource allocation by public sector managers (i.e., in education and health), weak policy decisions in certain fields, and difficulties at the implementation level in other areas where the policies are in place but action is slow. A strong message of the SHDSA is that the Government urgently needs to devise ways of integrating the rich social resources of traditional and community institutions into its national development planning.

24. The Government has recognised on many occasions the need to increase the efficiency and effectiveness of the civil service. A good legal framework is in place, although laws and regulations are not always observed or enforced. A Restructuring Commission has recommended a reduction in the civil service by 20 per cent. Certain measures were considered to reduce the size of the civil service in preparing the 1997 budget, although they have not been implemented. A Public Service Reform Working Committee has also been established and the Office of the Ombudsman has prepared excellent, investigative reports on issues relating to the civil service. Legislation to operationalize a Leadership Code is expected to be approved and signed into law this year.

25. Working closely with the subregional Development Management Programme and Economic and Financial Management and Reform Programme, UNDP support during the first CCF period will focus on developing tools for the implementation of the reforms already launched. This will include management training of key public sector managers, assistance in corporate planning, training on the Public Service Manual, support to various fora to improve public debate on the reform process, mapping the existing "task network" for public sector functions, and support to the Office of the Ombudsman.

26. At the local level, an important project to strengthen local governance through increased access to land for SHD that was launched at the end of the fifth cycle will continue. This programme is aimed at strengthening local community structures to better manage the development process and, in particular, to resolve land disputes that currently pose a major obstacle to building SHD in Vanuatu.

IV. MANAGEMENT ARRANGEMENTS

Management of the cooperation framework

27. The Government and UNDP will jointly manage the CCF, including the formulation of activities outlined in the present document, the appraisal of individual projects, monitoring and review of implementation and evaluation of results.

28. The Government of Vanuatu has indicated its readiness to nationally execute future UNDP programmes. Efforts will be made to utilize the modalities of the United Nations Volunteer (UNV) programme, technical cooperation among developing countries (TCDC), and Transfer of Knowledge through Expatriate Nationals (TOKTEN), as much as possible. NGOs are another appropriate modality for project execution and implementation that will be developed particularly in regard to community participation and capacity-building.

Linkages to the subregional programme

29. The proposed areas of concentration are congruent with the core theme of the proposed Sixth Pacific Subregional Programme: job creation and sustainable livelihoods. This will enable a more integrated delivery of UNDP support in Vanuatu during the period covered by the first CCF. It will also facilitate the mobilization of additional resources for specific project interventions, and strengthen the overall impact of the programme.

Monitoring and review

30. In addition to regular monitoring activities (i,e., tripartite reviews, field visits, mid-term reviews, etc.), performance indicators will be developed at the design stage of all activities. Baseline data and benchmarks against which actual results can be assessed will be incorporated into the work plans. The programme will be monitored jointly by the Government and UNDP through consultation and monitoring visits by Government and UNDP staff at least once every quarter. A triennial review of the CCF will be held in mid-1999.

Resource mobilization

31. Targets for Vanuatu, projected over the next five years are shown in the table in the annex.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR VANUATU (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	585	
TRAC 1.1.1	700	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	82	
Subtotal	1 367[a]	
NON-CORE FUNDS		
Government cost-sharing	584	
Sustainable development funds	-	
Third-party cost-sharing	1 167	
Funds, trust funds and other	-	
Subtotal	1 751	
GRAND TOTAL	3 118[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.